

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1026 – SB 1332

March 23, 2011

SUMMARY OF AMENDMENT (005261): Requires municipalities, other than those located in Shelby County or Carter County, to employ licensed engineers to prepare bid specifications and estimates for all street improvements over \$25,000 paid with street aid funds.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Expenditures – Exceeds \$500,000

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Expenditures – Exceeds \$375,000

Assumptions applied to amendment:

- Requiring the use of licensed engineers will increase contracting costs on some projects on which licensed engineers are not currently used.
- This amendment excludes municipalities within Shelby County and Carter County.
- Johnson City, which partially lies within Carter County, also rests in Sullivan and Washington Counties. Estimate assumes Johnson City will be counted as a municipality within Carter County.
- According to the 2010 federal census, the total population of all municipalities within Tennessee is 3,409,936.
- Each municipality within Shelby County has the respective populations: Bartlett (46,954), Collierville (44,304), Germantown (40,977), Lakeland (10,848), Memphis (689,198), and Millington (10,433). Total population of municipalities within Shelby County is 842,714.
- Each municipality within Carter County has the respective populations: Elizabethton (14,017), Johnson City (56,927), and Watauga (403). Total population of municipalities within Carter County is 71,347.
- The combined population of all municipalities within Shelby County and Carter County is 914,061 (842,714 + 71,347).
- The municipalities within Shelby County and Carter County represent approximately 27 percent ($914,061 \div 3,409,936$) of the total population within Tennessee's municipalities. Estimate rounds the percentage to 25 percent.

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- Requiring all municipalities within Tennessee to utilize engineers on specified projects, excluding those municipalities within Shelby County and Carter County, will result in a recurring increase in state expenditure exceeding \$375,000 [$500,000 \times (100 \text{ percent} - 25 \text{ percent})$].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/jdb